

SENATE BILL 2854  
By Bryson

AN ACT to amend Tennessee Code Annotated, Title 7,  
Chapter 82, relative to utility districts.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 7-82-307(b), is amended by adding the following language as a new, appropriately designated subdivision:

(4) If the department of audit's review of the annual audit of any utility district, under the jurisdiction of the utility management review board pursuant to § 7-82-701(a), determines that serious findings and recommendations or other negative comments are set forth therein concerning the management or operation of the utility district, then the department shall so notify the utility management review board. Upon receiving such notification, the review board may order the members of the utility district's board of commissioners to appear at a hearing of the review board for the purpose of receiving public testimony as well as analyzing and discussing such findings and recommendations or comments. The review board shall take appropriate actions to ensure that the customers of the utility district are informed of the time, location and purpose of any such public hearing. At such hearing or at a subsequent meeting, the utility management review board may develop and prescribe a reasonable plan of reconciliation by which the utility district's board of commissioners must adequately and appropriately address the serious findings and recommendations or other comments set forth in the annual audit. If the utility district's board of commissioners, without good cause, fails to timely or substantially implement the provisions of the plan, then the review board may initiate a contested case hearing on the question of whether a member or members of the board of commissioners should be removed from office and

a new member or members appointed or elected on the grounds that the utility district, without good cause, failed to comply with the terms of the ordered plan of reconciliation. If the utility management review board concludes that a member or members of the board of commissioners should be removed from office for such failure, then the review board shall issue an order removing such member or members from office. Any vacancy on the board of commissioners shall then be filled by the selection method used by the utility district to fill vacancies; however, no member of the board of commissioners ousted by order of the utility management review board shall be eligible for reappointment or reelection or shall participate in either the nomination, appointment or election of new members by the board of commissioners; provided further, however, if all members of the board of commissioners are removed from office, then the initial vacancies shall be filled by appointment of the county mayor of the county in which the utility district or its principal office is located or the county in which the commissioners customarily meet if there is no principal office or, alternatively in a multi-county district, shall be filled by joint appointment of the county mayors of the counties in which the district is located.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it, and shall apply to annual audits reviewed by the department of audit on or after such date.